

## Breakaway/Stairstep compensation plan

The breakaway plan is one of the advanced plans that regulate the growth opportunities properly from stage to stage. Rank hierarchy is explicitly visible from the plan structure and distributors can follow them to achieve substantial growth.

### Breakaway plan - An introduction!

A compensation plan where the distributor and his/her team breaks away once a distributor achieves the highest rank. This breakaway group is then added as a new tree immediately below the admin. This group then works as a new business group under the admin.

Companies that focus to increase sales efficiency of the distributors usually prefer a stairstep breakaway plan.

How can companies manage their business network? How to measure distributor performance and make them proactive? There may arise many such questions in a company's or consultant's mind.

The simple and best solution for all such questions is an advanced breakaway MLM software.

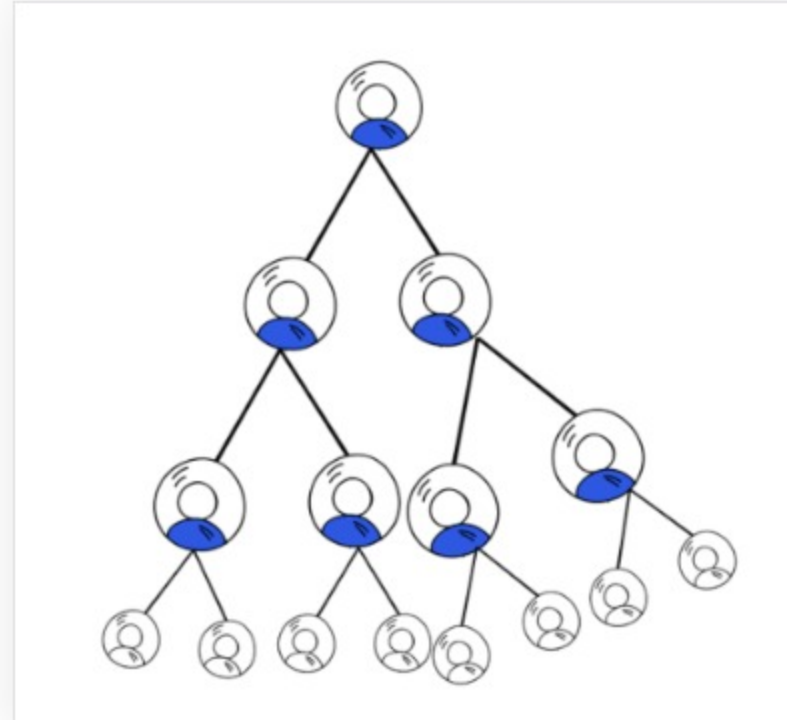
### How does the breakaway plan work?

A breakaway plan can be considered as a separate plan or a plan within a plan. Wonder why? The reason behind this statement is that the breakaway system is integrated with basic plans like the unilevel plan, binary plan, matrix plan, etc. Companies refer to these plans by adding '*breakaway*' at the end, like a binary breakaway, matrix breakaway, and so on.

In default, a unilevel plan is a preferred choice and MLM companies consider other plans if their requirements meet unique strategies.

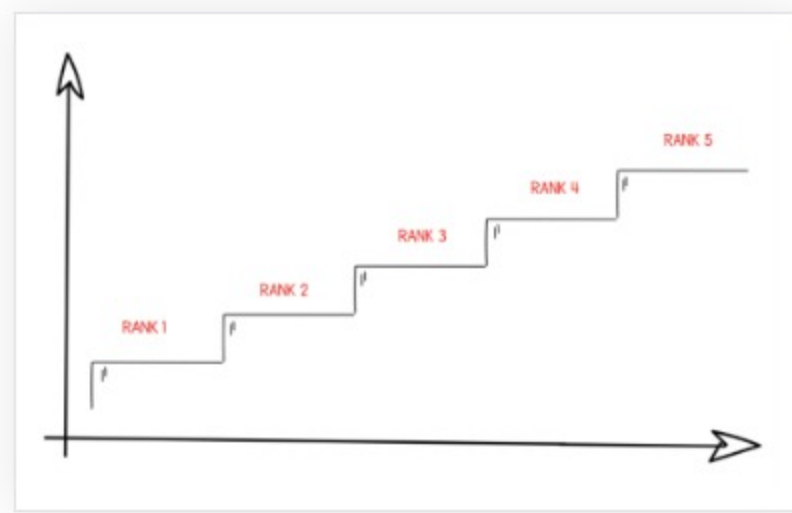
Let's see how it works. Like in unilevel plan, there will be unlimited width i.e. distributor can add as many members as possible in the first level. But here, these members are added with certain criteria like,

- ▶ If a salesperson adds first 10 members then they will achieve distributor status or rank 2.
- ▶ If he sponsors 25 members then he achieves or unlocks "Manager" status or rank 3.



(Stair step plan)

Thus there will be 5 ranks or more (set by the company as per their requirements) with certain criteria. The growth of an MLM representative follows a proper rank hierarchy and have to take each step to get the final position.



(Stair step breakaway plan)

That is why the plan is known as the stairstep compensation plan, the plan can be easily depicted using stair-like architecture. Each slab (rank achievement) can be represented as a 'step'. One who wants to reach the highest point of the stair needs to complete all the steps.

Once a networker\* reaches the highest point or in this scenario, 'step', he/she breakaway from the plan. That's why the plan is termed popularly as a breakaway plan.

**\*networker - another term used instead of 'distributor'**

Thus a basic Unilevel plan is upgraded to a whole new version with a step-by-step hierarchy. The criteria of selection vary from company to company like the ranks just as mentioned above or according to sales volume or any other factor.

The breakaway is not just applicable to the person who achieved it but the entire downline group. This group will be directly placed under the admin and thus the admin gets control of the entire group.

### Distributor career program

Stairstep plan is the best definition of how a distributor career program looks like. There is no need to explain about the career development of a salesperson to the '*Ambassador*' or the highest role of an MLM company. The plan itself works in a similar flow by providing levels of achievement and rewards the achievement with ranks.

Compensations are thus easily paid based on these ranks. The rank name is configurable and the terminologies are subjected to change as per the requirements.

### Compensations in breakaway plan

Compensations are provided based on individual efforts as well as group efforts.

#### Sales bonus:

A percentage of bonus received once the downline members make product sales or sponsor new members.

**Example:** Distributor X adds a new distributor to the business network. Later on, the new distributor makes some sales of \$100.

- MLM company is providing 5% as sales bonus.
- Distributor X receives \$5 as sales bonus.

Distributor X achieved the next rank, here the company has set 10% as a sales bonus. Later on, another distributor makes some sales of \$100.

- Distributor X receives \$10 as sales bonus.

\*The percentage of sales volume differ for different ranks.

#### Overriding bonus:

Distributor receives a sales bonus for adding new distributors under him/her. Then, the upline distributor with a higher rank will receive an overriding bonus which is the difference in sales bonus percentage of this distributor and the upline distributor with a higher rank.

**Example:** Distributor in rank 2, 3, and 4 receives 2%, 5%, and 10% as sales bonus respectively.

- Distributor in rank 3 receives 3% as an overriding bonus (5% - 2%).
- Distributor in rank 4 receives 5% and 8% overriding bonus from both distributors ((10% - 5%) & (10% - 2%).

Distributors in higher ranks get an overriding bonus from all the lower business ranks.

#### Fast start bonus:

A bonus received for distributors once they achieve certain criteria in a certain time period set by the direct selling companies.

**Example:** An MLM company sets a fast start bonus criteria - make \$1500 worth sales volume in 10 days. If achieved, the distributors will get a 5% fast start bonus.

- Distributor X made sales of \$1500 in 10 days and achieves fast start bonus criteria.
- Distributor X thus gets \$75 as fast start bonus.

### Advantages of breakaway plan

**Assures distributor activeness:** To achieve higher ranks, distributors have to work hard individually rather than as a group.

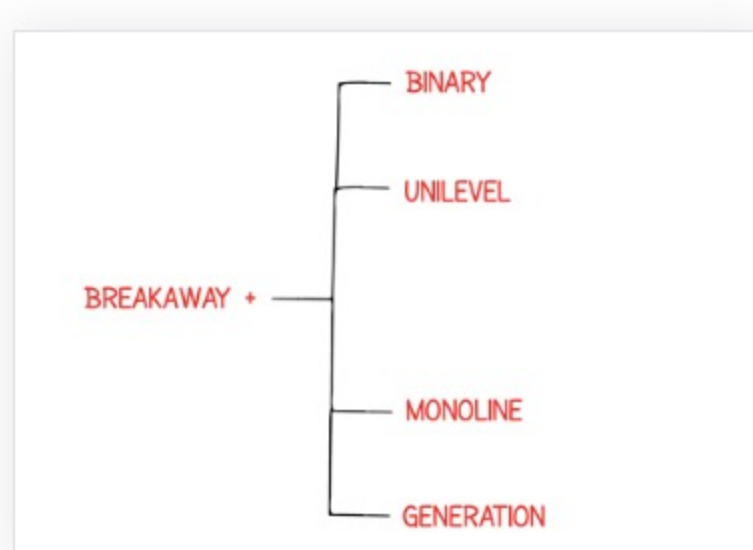
**Breakaway admin subgrouping:** Once the breakaway group is positioned under admin, the admin can manage the group directly and treat it as a subgroup.

**Sales improvement:** Product sales gets improved from time-to-time.

**High revenue for full time reps:** A good plan for full time or dedicated MLM representatives.

### Hybrid breakaway plan

The breakaway plan is not a basic plan, in fact, a breakaway comes alongside basic or other compensation plans.



(Hybrid breakaway plan)